## Message Text

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**ORIGIN NEA-10** 

INFO OCT-01 ISO-00 AID-05 IGA-02 L-03 ABF-01 AGR-05

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TO AMEMBASSY ISLAMABAD PRIORITY

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E.O. 11652:N/A

TAGS: EAID, PK, US

SUBJECT: FY 1977 PL-480 TITLE I PROGRAMS

REF: ISLAMABAD 9837

1. VEGOIL: ISC IS CURRENTLY CONSIDERING
50,000 MT VEGOIL PROPOSED FOR PAKISTAN. TENTATIVE AND
PUBLICLY ANNOUNCED ALLOCATION FOR PAKISTAN IN ENTIRE FY
1977 IS 70,000 MT. PROVIDED THERE IS CLEAR JUSTIFICATION,
HOWEVER, AND IF ADDITIONAL OIL BECOMES AVAILABLE AS ANTICIPATED AT PRESENT, WE MIGHT BE ABLE TO INCREASE THIS ALLOCATION BY AS MUCH AS 30,000 TONS AND PERHAPS MORE LATER IN FY.

2. REFTEL REPORTS SERIOUS ADVERSE IMPACT OF FLOOD DAMAGE ON DOMESTIC VEGETABLE (COTTONSEED) OIL PRODUCTION, AS LIMITED OFFICIAL USE

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RESULT GOP CONFIRMED ITS REQUEST TO SHIFT PL-480 TITLE I

AVAILABILITY FROM WHEAT TO VEGOIL. COUNTRY TEAM CONCURRED WITH GOP ASSESSMENT OF NEED AND RECOMMENDED "GENEROUS" INITIAL ALLOCATION, TO BE SHIPPED EARLY IN CY 1977. CT ALSO ANTICIPATED REVIEW OF SUPPLY SITUATION WITH GOP BEFORE END OF CY 1976 IN ORDER TO ADVISE ON TIMING OF SUBSEQUENT FY 77 SHIPMENTS. IN ENDORSING THE GOP'S REQUEST, COUNTRY TEAM REPORTED ESSENTIAL NEED FOR GOVERNMENT TO WORK OUT AN OIL-SEEDS PRODUCTION STRATEGY AND URGED ABOVE MENTIONED

"GENEROUS" INITIAL ALLOCATION IN CONTEXT OF GOP COMMITMENT TO PRESENT SUCH STRATEGY BEFORE THE END OF CY 1976.

- 3. AS WE UNDERSTAND YOUR RECOMMENDATIONS, IT MEANS WE SHALL MAKE A "GENEROUS OFFER" NOW IN EXPECTATION THAT THE GOP IS GOING TO COME THROUGH WITH AN ACCEPTABLE OVERALL PROGRAM FOR DOMESTIC OILSEED PRODUCTION. THIS RAISES SEVERAL QUESTIONS. (A) IS THIS A GOODWILL GESTURE IN RETURN FOR EVIDENCE OF INTENT TO CARRY OUT A COMMITMENT ALREADY MADE? (B) DO YOU BELIEVE OR SUSPECT THAT WITHOUT SUCH INDUCEMENT THE GOP WILL NOT CARRY OUT ITS AGREED COMMITMENT, OR WOULD DELAY MEETING IT? (C) SINCE THE GOP IS NOW AWARE THAT PAKISTAN'S ALLOCATION FOR FY 1977 IS GENEROUS (UP 10,000 MT FROM FY 1976 AND T.Q., AND 20,000 MT ABOVE FY 1976 ALONE), DOES THE COUNTRY TEAM INTEND OR RECOMMEND THAT WE NEGOTIATE AN AGREEMENT NOW FOR A LARGE PART OR ALL OF THIS ALLOCATION, E.G. WOULD 50,000 TONS IMMEDIATELY BE SUFFICIENTFOR THE PURPOSE OF THE COUNTRY TEAM'S STRATEGY? (D) WOULD ACTUAL NEGOTIATION OF AN AGREE-MENT AWAIT SUBMISSION OF AN ACCEPTABLE GOP PRODUCTION STRATEGY? (E) IF IT IS DESIRABLE TO GO AHEAD WITH AN AGREEMENT NOW, WITH THE EXPECTATION OF AN EARLY AMENDMENT IN CY 1977 AND NEGOTIATION THEN ON THE OILSEED PRODUCTION STRATEGY. WHAT IS THE REASON FOR CT'S RECOMMENDATION DELAYING PURCHASE AND SHIPMENT FROM LATE 1976 TO EARLY 1977?
- 4. WHEAT: WE HAVE NOTED THE GOP'S ASSERTION THAT IT DOES NOT NEED WHEAT IN FY 77 AND PREFERS MAXIMUM FEASIBLE VEGETABLE OIL ALLOCATIONS AND THE CT'S PREFERENCE TO RETAIN SOME FLEXIBILITY DEPENDING ON THE ACTUAL AGRICULTURAL LIMITED OFFICIAL USE

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SITUATION NEXT SPRING/SUMMER. ACCORDINGLY, WE PLAN REDUCE THE WHEAT ALLOCATION TO 200,000 BUT TRY TO RETAIN THIS AMOUNT UNTIL WE CAN BETTER ESTABLISH PAKISTAN'S AND OTHERS' NEEDS NEXT CY. DOES THIS STRATEGY MEET YOUR NEEDS?

5. WOULD APPRECIATE REPLY BY OPENING OF BUSINESS OCT. 4.

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## Message Attributes

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